

## Message Text

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PAGE 01 TAIPEI 04759 01 OF 02 060317Z  
ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 /089 W  
-----000850 060332Z /64

R 060134Z AUG 77  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC 4543  
INFO AMEMBASSY SEOUL  
AMCONSUL HONG KONG

UNCLAS SECTION 1 OF 2 TAIPEI 4759

E.O. 11652: N/A  
TAGS: ECON, TW  
SUBJECT: KEY ECONOMIC INDICATORS FOR JUNE, 1977

REF : TAIPEI 3921

1. KEY ROC ECONOMIC INDICATORS FOR JUNE: ALL FIGURES IN US DOLLAR MILLIONS AND ROUNDED. FIGURES REVISED SINCE PREVIOUS REPORT IN PARENTHESES:

PERCENT PERCENT JAN-JUN JAN-JUN PERCENT  
JUN 77 MAY 77 JUN 76 A/B - 1 A/C - 1 77 76 F/G - 1  
-----

(A) (B) (C) (D) (E) (F) (G) (H)

MONEY SUPPLY:

3,865 3,493 3,07"( 10.65 25.64

NET FOREIGN ASSETS OF BANKING SYSTEM:

3,658 3,568 2,116 2.52 72.82

IMPORTS ON CUSTOMS BASIS:

731.1 (780.6) 594.9 -6.34 22.89 4,039.0 3,506.9 15.17

EXPORTS ON CUSTOMS BASIS:

804.8 (811.0) 648.2 -0.76 24.16 4,159.0 3,644.6 14.11

UNCLASSIFIED

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PAGE 02 TAIPEI 04759 01 OF 02 060317Z

TRADE BALANCE ON CUSTOMS BASIS:

73.7 (30.6) 53.3 120.0 137.6

IMPORTS ON FOREIGN EXCHANGE SETTLEMENT BASIS:

681.8 651.6 561.5 4.63 21.42 3,919.0 3,39#&3 15.59

EXPORTS ON FOREIGN EXCHANGE SETTLEMENT BASIS:

855.0 843.9 724.6 1.32 18.00 4,681.1 3,772.4 24.09

TRADE BALANCE ON FOREIGN EXCHANGE SETTLEMENT BASIS:

173.2 712.3 163.1 762.1 382.1

IMPORTS FROM US (CUSTOMS):

209.3 (257.2) 143.0 -18.62 46.36 26218.4 838.1 45.38

EXPORTS TO US (CUSTOMS):

336.7 (332.3) 241.4 1.32 39.48 1,590.1 1,343.0 18.40

TRADE BALANCE WITH US (CUSTOMS):

127.4 (75.1) 98.4 371.7 504.9

INDUSTRIAL PRODUCTION INDEX (1971 EQUAL 100):

214.8 (213.5) 191.3 0.61 12.28 203.7 181.2 12.42

WHOLESALE PRICES INDEX (1971 EQUAL 100):

184.70 183.16 176.72 0.84 4.52 182.35 174.10 4.74

URBAN CONSUMER PRICES INDEX (1971 EQUAL 100):

189.33 183.52 176.64 3.17 7.19 182.96 176.82 3.47

FOREIGN INVESTMENT APPROVALS:

10.28 10.96 15.76 -6.14 -34.75 40.02 45.78 -12.59

US INVESTMENT APPROVALS:

3.81 2.59 5.84 47.10 -34.82 8.36 9.67 -13.54

2. KEY PRODUCTION FIGURES FOR JUNE, 1977

POWER GENERATION (MILLION KWH):

2,522 2,616 2,330 -3.59 8.24 14,129 12,599 12.14

COTTON YARN (1,000 BALES):

159.0 (161.2) 149.7 -1.36 6.21 914.2 835.9 9.37

MAN-MADE FIBERS (M/T):

34,032 (37,021) 27,264 -8.07 24.82 204,060 168,562 21.06

PLASTIC RESINS (M/T):

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PAGE 03 TAIPEI 04759 01 OF 02 060317Z

22,649 (24,959) 24,696 -9.26 28.29 137,429 127,824 7.51

CHEMICAL FERTILIZERS (1,000 M/T):

126.9 (137.0) 71.3 -7.37 77.98 742.6 576.0 28.92

CRUDE OIL REFINED (1,000 KL):

1,328.1 1,352.3 991.9 -1.79 33.89 7,764.5 6,280.0 23.64

CEMENT (1,000 M/T):

760.6 (925.4) 724.9 -17.81 4.92 4,899.3 4,130.1 18.62

STEEL BARS & STRUCTURALS (1,000 M/T):

111.8 110.4 109.2 1.27 2.38 685.0 607.1 12.83

TELEVISION SETS (1,000 UNIT):

369.4 (342.8) 365.1 7.76 1.18 2,034.0 1,783.3 14.06

AUTO TIRES (1,000 PCS):

93 (82) 70 13.41 32.86 492 406 21.18

COAL (1,000 M/T):

255.0 (255.2) 273.3 -0.08 -6.70 1,466.8 1,553.3 -5.57

BASIC PETROCHEMICAL FEED STOCKS (M/T):

10,236 60,154 33,443 -14.83 53.20 317,721 191,823 65.63

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PAGE 01 TAIPEI 04759 02 OF 02 060323Z

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TO SECSTATE WASHDC 4544

INFO AMEMBASSY SEOUL

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UNCLAS SECTION 2 OF 2 TAIPEI 4759

3. HIGHLIGHTS. AFTER A SLOW START IN THE FIRST TWO MONTHS OF THE YEAR, THE ECONOMY PICKED UP SPEED IN THE PERIOD FROM MARCH THROUGH JUNE, RESULTING IN SUBSTANTIAL INCREASES IN INDUSTRIAL PRODUCTION AND IN FOREIGN TRADE FOR THE FIRST HALF OF THE YEAR, IN COMPARISON WITH THE SAME PERIOD LAST YEAR. THE INDUSTRIAL PRODUCTION INDEX REACHED 203.7 (1971 EQUAL 100), AN INCREASE OF 12.4 PERCENT OVER JANUARY-JUNE 1976, AND ONLY SLIGHTLY BELOW THE TARGET OF 13 PERCENT SET BY THE GOVERNMENT'S ECONOMIC DEVELOPMENT PLAN.

EXPORTS IN JUNE DECLINED BY 0.76 PERCENT FROM MAY, BUT STILL TOPPED US\$800 MILLION FOR THE SECOND MONTH IN A ROW. FOREIGN TRADE FOR THE FIRST SIX MONTHS OF THE YEAR TOTALLED US\$8.2 BILLION, AN INCREASE IN 14.6 PERCENT OVER THE FIRST HALF OF 1976. HOWEVER, EXPORTS OF TEXTILE PRODUCTS, THE LEADING EXPORT SECTOR, SHOWED A DECLINE OF 6 PERCENT FROM JUNE OF 1976, AND THE TOTAL FOR THE JANUARY-JUNE PERIOD DROPPED TO US\$1.04 BILLION, A DECREASE OF 10 PERCENT FROM THE SAME PERIOD LAST YEAR. ON THE OTHER HAND, FOUR OTHER MAJOR SECTORS REGISTERED SUBSTANTIAL INCREASES IN EXPORTS IN THE FIRST HALF OF THIS YEAR. ELECTRIC PRODUCTS GAINED 34.3 PERCENT OVER THE SAME PERIOD IN 1976 TO A TOTAL OF US\$668 UNCLASSIFIED

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PAGE 02 TAIPEI 04759 02 OF 02 060323Z

MILLION; PLYWOOD AND FURNITURSROSE BY 32 PERCENT TO US\$295.6 MILLION; MACHINERY INCREASED BY 17 PERCENT TO US\$296 MILLION, AND TRANSPORTATION EQUIPMENT EXPANDED BY 18.5 PERCENT TO

\$124 MILLION.

ALTHOUGH IMPORTS IN JUNE DECREASED 6.3 PERCENT FROM MAY TO US\$731 MILLION, TOTAL IMPORTS FOR THE FIRST HALF OF 1977 SHOWED A GAIN OF 15 PERCENT OVER THE SAME PERIOD IN 1976. AS A RESULT OF EXCESS CAPACITY IN INDUSTRIES SUCH AS TEXTILES AND MAN-MADE FIBERS, THE SHARE OF IMPORTS REPRESENTED BY CAPITAL GOODS DECREASED FROM 30 PERCENT FOR THE FIRST SIX MONTHS OF 1976 TO 26.6 PER CENT THIS YEAR.

THE MONEY SUPPLY AT THE END OF JUNE HAD INCREASED TO ALMOST NT \$147 BILLION, A GAIN OF 25.6 PERCENT OVER THE PAST 12 MONTHS. AN INCREASE IN NET FOREIGN EXCHANGE RESERVES OF 73 PERCENT TO US \$3.658 BILLION, FUELED BY LARGE FLOWS OF SHORT-TERM CAPITAL, WAS A MAJOR FACTOR IN THE INCREASE OF THE MONEY SUPPLY. ITS IMPACT WAS PARTIALLY OFFSET BY A 35.3 PERCENT RISE IN SAVINGS DEPOSITS IN THE PAST 12 MONTHS. THIS RISE CAN BE ATTRIBUTED TO THE FACT THAT THE REAL INTEREST RATE (NOMINAL RATE MINUS RATE OF PRICE INCREASE) IS STILL RELATIVELY HIGH, EVEN THOUGH THE NOMINAL INTEREST RATE HAS BEEN LOWERED FOUR TIMES IN THE PAST EIGHT MONTHS. ACCORDING TO THE "TAIWAN FINANCIAL STATISTICS MONTHLY" (A PUBLICATION OF THE CENTRAL BANK OF CHINA), THE INCREASE OF BANK CREDITS TO PRIVATE ENTERPRISES IN THE PAST YEAR WAS ONLY ABOUT 15.7 PERCENT, LOWER THAN IN PAST YEARS, AND CONSIDERABLY LESS THAN THE INCREASE IN FOREIGN EXCHANGE RESERVES.

PRICES IN THE FIRST FIVE MONTHS OF THE YEAR WERE STABLE, BUT URBAN CONSUMER PRICES IN JUNE JUMPED BY 3.2  
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PAGE 03 TAIPEI 04759 02 OF 02 060323Z

PERCENT OVER THE PREVIOUS MONTH. HEAVY RAINS IN SOUTHERN TAIWAN RESULTED IN A REDUCED SUPPLY OF FRUITS AND VEGETABLES, DRIVING MARKET PRICES UP. URBAN CONSUMER PRICES FOR THE 12 MONTH PERIOD ENDING JUNE 30 ROSE BY 7.2 PERCENT.  
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